

The American Observer

A free, virtuous and enlightened people must know well the great principles and causes on which their happiness depends. — James Monroe

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Recovery Hope Seen In Business Upswing

Improvement in Basic Industries
Affects General Economic
Conditions of Nation

UNFAVORABLE SIGNS NOTED

But Forces Making for Steady Recovery
Appear to Be Sound and
Promising

How is business? Are we getting out of the depression? Are we definitely on the road to recovery? These are questions which come into the minds of all of us. After six hard and anxious years we are looking eagerly for signs that normal times are returning. It is easy enough to read the daily reports of business activity on the financial pages of the newspapers, but what do the figures mean? What are the larger trends? In the light of all these figures, what may we expect?

There are many surface indications that times are better. These signs are to be seen in most sections and communities of the country. One sees new automobiles on the road. In many places the stores are crowded again; the streets are busier.

Business Is Better

If, distrustful of our observations, we go to the figures which statisticians prepare, we find the same story. Business has improved during the last year. Automobile production, for example, has more than doubled since 1933. Thus far during 1935 it is above the figure for 1934—about 50 per cent above. Electric power production has reached its pre-depression level. Steel production is nearly 20 per cent above last year. That is a pretty good index of business activity, for steel is required in nearly all kinds of manufacturing industries, and an increase of steel production indicates that manufacturing operations are increasing and are thereby requiring larger quantities of steel. Department-store sales, also an excellent barometer of business conditions, are up 14 per cent above last year. Corporation profits have advanced materially, and the purchasing power of the farmers is about one-third greater than it was in 1933 and about 15 per cent above last year.

Other figures which the statisticians have prepared are less encouraging. In spite of increased production, we are not getting rid of unemployment. Probably more men are unemployed today than a year ago. Just what the total amount of unemployment is, no one knows to a certainty because satisfactory figures are not compiled. The estimate of unemployment, however, ranges from eight to ten million. The reason that increased production does not result in greatly increased employment is that labor-saving machinery is being introduced so that a given amount of work can be done by fewer men than formerly. The tendency for machinery to displace human labor was becoming a serious problem even during the years before the depression, and it is getting more serious all the time.

Another unfavorable sign of the times is the failure of foreign trade to expand. During the prosperous years we depended heavily upon foreign trade. Our cotton and wheat farmers and many of our manufacturing industries sold a great proportion of their products abroad. These markets

(Concluded on page 8)



—Fairchild Aerial Surveys, Inc.

THE SCENE SHIFTS

Now that Congress has adjourned and left behind it an impressive record of new legislation, attention turns to the government's heavy task of administering the reform measures.

A Word of Greeting

By Walter E. Myer

This message of greeting is addressed to the young men and women who are now returning to the classroom after the summer vacation. Perhaps your study of public affairs has been somewhat interrupted during your absence from school. If so you will be pleased upon resuming these studies to find a distinct improvement in the economic situation. You will become aware of a prevailing confidence that we are slowly emerging from the depression which has borne so heavily upon all of us and which for several years has smothered the hopes of youth.

But while it appears that the country will enjoy a breathing spell, and while individual prospects in many cases are brighter, we have not yet passed through the vale of anxiety and danger. I doubt whether there has ever been a time in our history when the future appeared so confused and uncertain. We have not yet solved our major economic problems. Even if we emerge from the depression it seems probable that we will have a huge army of permanently unemployed. No one knows how lasting prosperity can come to the farmers until markets, not now in sight, are opened. No one knows how we can put into the hands of the people purchasing power which will enable them to consume what they produce and thereby prevent the accumulation of surpluses and resulting depressions. Some believe that fundamental changes should be made in our Constitution, while others think such steps would threaten our most cherished institutions. We may soon pass judgment on that issue. And we are entering one of the most fateful presidential campaigns in American history. Turning from our own country to foreign lands we see the threatening shadows of war. We know that there is danger of its spreading; spreading even to ourselves. We are trying to find means of insuring ourselves against being drawn into wars which do not vitally concern us, but the way is not clear.

The fact that we are living in such dramatic yet anxious times; times which call for such vital and far-reaching decisions, places a heavy responsibility upon all of us. The editors of THE AMERICAN OBSERVER recognize and accept the responsibility resting upon them. They must analyze issues and events accurately, painstakingly, and without bias. There is also a responsibility upon you young men and women in the schools. You must develop an enduring interest in the larger affairs of the public life. Above all you must seek the truth with open minds, free from party prejudice and free from the ensnaring propaganda of selfish interests. If you accept with courage and energy the civic responsibility which is yours, you can save America from every peril. For the future is yours. Yours is the high privilege of leading this troubled land of ours into a new and better day; of preserving it through the years to come as a land of promise and of hope.

U. S. Acts to Avoid Entanglement in War

Neutrality Measure Designed to
Prevent Complications from
Italo-Ethiopian Dispute

ROOSEVELT OPPOSES POLICY

President Would Have Preferred More
Flexible Course to Meet
War Crisis

War clouds rolling up from the Mediterranean are casting their shadows across Europe. They are producing alarm even in our own country. Wars have a way of spreading, and once they have engulfed several of the nations, it is almost impossible for others to stay out. So now that it has become apparent that Italy is launching a war of conquest against Ethiopia, there is anxiety in every principal nation of the world.

Of course, this war may be localized. There is, in fact, a strong probability that it will be. But we cannot be certain. Once the dogs of war are unleashed, anything may happen. The League of Nations may undertake to check Italy. The nations belonging to the League, or at least a number of them, may decide upon a boycott of Italy, and if they do this, war may be precipitated. The British navy may clash with the Italian if Italy should undertake to close the Suez Canal. The British may also be forced to act if the millions of colored people in their empire should become too greatly stirred up over Italy's attack upon the colored population of Ethiopia. Yugoslavia may precipitate a general war if she should decide that, with Italy busy in Africa, the time is ripe for a Yugoslavian attack upon Albania. Albania is under the domination of Italy, and Yugoslavia is anxious to get the upper hand herself if she ever has the chance. And it is possible that Germany may strike at Austria if Austria's ally, Italy, should become too deeply involved across the Mediterranean. Still other conflicts are possible.

Can We Stay Out?

But we in America are more concerned with the question as to whether we can stay out of the war if several of the other nations get in. We say, of course, that we do not want another war. Since the close of the World War, we have been declaring that we have no concern with European politics. We have been saying that we will mind our own business and give little heed to Europe. That is why we have kept out of the League of Nations and the World Court. The majority of the American people unquestionably oppose such an entanglement with other nations as would lead to war.

But that does not mean necessarily that we will stay out of war. We have thought before that we would keep out of war, and yet we have got in. When the wars of the French Revolution broke out, we said we would have no part in the conflict. George Washington expressed the thought of most of the people when he said there should be friendly relations with all and entangling alliances with none. But we got into the war just the same. We did not want war, but we did want to trade with both the warring nations. That got us into trouble. France did not want us to

(Continued on page 2, column 2)

Historical Backgrounds

By David S. Muzzey and Paul D. Miller

The Continuity of History

It is quite commonly assumed that history deals with a dead past. Students often feel that historical studies have no relation whatever to the present. But that is a great mistake. When we study history we are dealing with human beings and their problems, and many of these problems are as much alive today as they have ever been. Perhaps we may make this point clear by illustration. Suppose, for example, that you pick up your morning newspaper and read about the efforts which are being made



—Am. Obs.

DAVID S. MUZZEY

in Congress to keep the United States out of war. We know, of course, that war is probable between Italy and Ethiopia. We know that it may involve other nations. We know that the United States has been drawn into wars in the past because of our government's insistence upon neutral rights of trade with belligerents. So Congress in the closing hours of the session wrestled with the problem of neutrality. It tried to lay down rules limiting the rights of trade which we should insist upon in case other nations are at war. Now the student of American history knows that this is exactly the problem which the Jefferson and Madison administrations wrestled with unsuccessfully in the years preceding 1812. The student will understand, when he reads the history of America's efforts to keep out of war 125 years ago, that he is dealing not with a dead past but with an issue which was vital then and which is vital today.

Cases in Point

Here is another illustration. We read in our history texts about the Navigation Acts and about the theory of trade upon which they were based. We learn that during the eighteenth century when the Navigation Acts were becoming such a problem to the American colonies, the nations of Europe, including England, were under the sway of the economic theory known as "mercantilism." They believed that nations grew rich by exporting more than they imported.

If the student will put aside his history text for a moment and pick up his morning newspaper or his current magazines he will find that the governments of the world are still under the spell of that same theory. They are trying to increase their exports and to cut down their imports, and that effort on the part of all the nations is largely responsible for the economic paralysis from which the peoples of the world are now suffering. This problem of regulating trade, then, is a continuous problem. We study one aspect of it when we read the history of the Navigation Acts and another aspect of it when we go into the problems of trade regulation at the present time.

The student who engages in a study of the making of the Constitution will see that the constitutional fathers were struggling with exactly the same questions that are troubling their descendants at this time. The problem then related to the extent of power which should be given to the national government. Washington, Madison, Hamilton, and other leaders of that time thought that the national government, acting through Congress, should have power to legislate on every question which the states were incompetent to deal with. No prominent public man today advocates going that far in the way of giving the national government power. But the President of the United States feels that Congress should have greater powers than have been given to it. But in 1787 and in 1935 there have been and are men who believe that a larger grant of power to the national government would endanger the liberty of in-

dividuals and the just rights of the states. So here again we have a problem which was not settled in any time in the past, which is not settled today but has existed through the years of our history.

Through these illustrations, many more of which might be given, we can see the continuity of history. The student who comes to understand that the great problems of American life are continuous will have a greater interest in history. The epochs of the past will be more vital and interesting to him. He will see that when he turns the pages of his history he is studying earlier manifestations of problems which are alive today. He will use history as a means of interpreting the present.

If history is studied and understood in this way it will not only enliven the study of the past but it will broaden and enrich the contemplation of the present. The student of present conditions will have a larger view if he adds to his present study a wide reading of the past. By his study of earlier dealings with problems now to be faced, he will gain knowledge and wisdom; he will grow in poise; he will avoid many errors by learning to use the experience of those who have gone before and who have applied their methods and solutions to the problems of their day, which are also the problems of our day.

It is in order to make clear the connection between the past and the present that we are presenting this series of discussions in THE AMERICAN OBSERVER. Week by week we shall take up problems and issues of the past, following in a general way a chronological order; considering first the problems of early American history and proceeding toward the present. All the while we shall emphasize the continuity of history, showing the relation which the questions dealt with in the past bear to the events, problems, and issues of our own day.

U. S. Acts to Avoid Entanglement in War

(Continued from page 1, column 4)

trade with England, and England did not want us to trade with France. Each country undertook to stop our trade with the other, and they were none too gentle in their efforts. Thomas Jefferson, during his presidency, thought he could keep us out of war by stopping our trade with both countries; so he placed an embargo on our commerce with the belligerents. But this hurt our trade. It was bad for business, and the embargo was lifted. Then the nations resumed their interference with our trade and finally we got into the war.

The story of our entrance into the World War is about the same. We did not want to

get in, but we wanted all the trade we could get. We needed the trade. If we had not had it, we would probably have been plunged into depression. The Germans could not trade with us to any considerable extent because the British navy was in the way. But the Allies could. They offered to buy our munitions, and the munitions industry and the steel industry, and many other allied industries boomed. The farmers sold their goods to the Allies, and they were prosperous. Boom times came to the nation because of the rich war market. But the Germans objected to our supplying the Allies with food and munitions of war. It was a matter of life and death to them, and they undertook to stop the trade. We insisted upon our "right" to carry on this commerce. And so we got into the war. Of course, other motives got mixed up with the demand for trade. We talked about fighting a "war to end war" and about "making the world safe for democracy." But these were afterthoughts. The war came because of a quarrel over trade.

Now another big war seems to be brewing. Will history repeat itself, or can we learn enough from the experience of the past so that we may stay out? Congress wrestled with that question during the last days of the session. After a hot debate, it passed an act the purpose of which was to keep us out of war. By this act, we are to give up certain of our so-called "rights" to trade with nations at war. The resolution declares that American citizens may not sell munitions to a nation which is at war. The resolution authorizes the President to forbid American citizens to travel on the ships of warring nations and to forbid submarines of countries at war to use our ports. These rules would no doubt prevent many incidents which might lead to war. If they had been in effect during the World War the *Lusitania* incident would have been avoided, for the *Lusitania* was the vessel of a warring nation, Great Britain, which carried war supplies. Americans were riding on the vessel and were killed when it was sunk.

Rules of this kind would not, of course, insure us against all possible friction with the warring nations. Suppose that we refrained from selling munitions to either of the participants of the war. Suppose, however, that we sold them food and materials for the making of clothing. Suppose we shipped them our wheat and cotton. Such supplies are almost as vital to a warring nation as munitions are. If we were selling these necessities to one of the warring powers, the other might try to prevent the trade, and unpleasant incidents might occur. Many people believe, therefore, that, in order to avoid being entangled in war, we must go back to Jefferson's plan. We must stop all trade with the belligerents. Perhaps we would have to stop our trade with some of the neutral nations. If, for example, Great Britain and Germany were



ITALY AND HER COLONIES

—From The Christian Science Monitor

fighting, we might, in order to avoid trouble, be obliged to stop our trade with Holland. The English might say, as they did during the World War, that if we sent supplies to Holland the goods would be sent over the border into Germany.

Shall Trade Be Stopped?

It would, of course, be a great sacrifice for us to adopt a policy of that kind. If we gave up our trade with all the nations in the war zone, it would hurt business badly in the United States. Perhaps it would throw us deeper into depression. It would be very hard to carry out such a policy. If the farmers saw a chance to sell their wheat and cotton to the warring nations; if, through this booming trade, they saw a chance for very high prices, they might cry out loudly if our government ordered them to stop their shipments. The same cry would come from our manufacturers. Moral issues would get mixed up, as they always do, with questions of trade. The people who would be losing money by our policy of preventing a dangerous trade would say that the government was cowardly. They would declare the embargo policy to be a weak one. We would hear the same outcry that Jefferson heard. There would be sweeping demands that we adopt a "red-blooded" program and protect our "rights," even at the cost of war.

In such a case a thoughtful, well-poised, and reasonable man might point out that war would cost us more than we could possibly hope to gain by maintaining our trade. He might say that we could give employment to our people without going to war. If, for example, the government should be willing to borrow as much money as it would have to borrow in case of war, it could create a huge fund and it could use these billions of dollars building houses and doing other useful work in this country. Our people would in this way be given employment, yet their lives would be saved. It could be argued that this, in the long run, would be the safer course because war, though stimulating an immediate prosperity, would almost certainly cause the country later on to be plunged into a terrible depression, worse, no doubt, than the one through which we have been

(Continued on page 6, column 3)



ADDIS ABABA, CAPITAL OF ETHIOPIA

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AROUND THE WORLD

China: If China were not so far away and so little known, we would stand aghast at the news of the terrible misfortune which has overtaken a section of that country. The floods in the upper Yangtze are taking a toll of life and property. It is said that 10,000,000 persons are now homeless, and it is feared that before the end of the flood season conditions will be as bad as they were in 1931 when territory as large as Kansas was flooded. At that time 25,000,000 persons were made homeless and 140,000 were drowned. The government of China has brought in foreign experts to advise as to how these floods may be prevented. The advice is that large districts in drainage area be reforested. But the Chinese cannot raise the money to carry on this work.

Holland: On the last day of August the people of Holland celebrated the birthday of their popular queen, Wilhelmina, who was 55 years old on that day. Wilhelmina came to the throne in 1898, when she was 18 years of age. During all these years she has retained the respect and the affection



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QUEEN WILHELMINA

of her people despite the fact that she has been more than a royal figurehead. She is one of the constitutional monarchs who actually exercise considerable political power. She has stood strongly for a three-point program: the maintaining of the gold standard, the balancing of the budget, and free trade. Her country has been obliged to sacrifice quite a little lately by being obliged to maintain the gold standard. Since the Dutch money is attached to gold, it is hard for the neighboring states to exchange their depreciated currencies for the gold money of Holland. Hence it is hard for them to obtain the means of buying Dutch goods. This has hurt the trade of the Netherlands; so business is bad now and there is a great deal of unemployment.

Queen Wilhelmina possesses the qualities which her people like. She is one of the wealthiest women of the world, since she owns a great deal of property in the Dutch East Indies and is one of the largest shareholders in the Royal Dutch Shell oil company. But despite her riches, she lives a simple life; she is frugal, shuns frivolity, and is noted for her piety.

Italy: In spite of the efforts being made at Geneva to prevent the Italian invasion of Ethiopia, preparations continue unabated in Italy. Mussolini holds war councils with all members of the cabinet in full-dress military uniform. Every effort is being made to arouse the enthusiasm of the people. To what extent this effort is succeeding is very hard to determine. No doubt there is a great deal of war excitement of the pleasurable variety. But there must be

widespread distress and sorrow as the government seizes the unemployed members of families and hurries them into camps preparatory to shipment to Africa. The sorrow and distress would be even greater if the people at home knew that their relatives were being sent to a fever-infested area and that many of those who had already been quartered in Africa are victims of typhus. These victims are not sent back to Italy, but to one of Italy's Mediterranean islands. This precaution is taken so that the people at home may see only the glorious and not the tragic side of the African adventure.

Ethiopia: Emperor Haile Selassie is making preparations to evacuate his capital. The 50,000 citizens of Addis Ababa have received instructions from the government on the proper way to leave the city in the event of an Italian air attack. Addis Ababa is surrounded by a border of heavy palms, under which the Ethiopians would be invisible from above. They have been ordered to mass under these palms when the emperor, by ringing the great bronze bells of the palace, signals the approach of Italian planes.

A large part of the foreign colony has already deserted Addis Ababa. The Italian consul has moved to another city several miles distant, and the great majority of European merchants and tourists are leaving for safer quarters.

Scandinavia: The Scandinavian countries appear to have weathered the depression better than any others in Europe. In fact, they seem to have established a fair degree of prosperity. Sweden reports that employment has now reached the 1929 level, which indicates that the depression is over in that northern land. Denmark is also enjoying normal economic conditions and Finland is fairly prosperous. A representative of the *Christian Science Monitor* has recently made an investigation of conditions in Finland and he has made an interesting report. Here are some of his findings:

There is very little wealth in Finland. There is not a single millionaire in the country and only 12 persons reporting incomes of more than \$30,000 a year. At the same time there is very little poverty. Nearly all the people are fairly well off, and none of them are rich. The Finns believe that the fair distribution of wealth in that country is due to three policies: (1) Land reforms by which the landless tenants were helped by the government to buy farms; (2) The state owns a number of industries, such as the railways, telegraphs, dockyards, and powder factories. It derives considerable revenue from them. (3) Producers' and consumers' cooperation.

Associations of the people produce and distribute a great proportion of all the goods used in Finland.

Germany: There have been conflicting reports concerning the economic situation in Germany. Nazi officials have given out figures showing that unemployment has been greatly reduced. Critics have pointed out that the reduction of unemployment has resulted from the absorption of the unemployed in the army. Johannes Steel, an anti-Hitler German now living in this country, gives the following analysis of German conditions in the September *Esquire*:

The economic picture as it presented itself at this writing after two and a half years of Nazi rule can be summarized thus:

(1) Prices have risen and wages have fallen. The national income has been reduced and the living standard of all wage earners has been lowered.

(2) As a result of the curtailment of the social services, there were 20 per cent more suicides and a marked decline of national health and general welfare of the people.

(3) There was a slightly increased employment and a vastly decreased consumption of all vital foodstuffs and household goods. Fantastically increased profits for the big producers and decreased purchasing power of the consumer as well as continued proletarianization of a large section of the populace.

(4) An export trade that has dwindled to nothing. A budget that is dishonest and unintelligible. A currency that is not safe and a credit that is nil. This startling and unprecedented decline, which has actually taken the form of decay, was on the other hand accompanied by an increase in profits of the 25 greatest German corporations during 1934, by no less than 80 per cent.

France: Dissatisfaction is growing with the government of Premier Laval, and he seems destined to be overthrown when parliament meets again in October. Laval's economy program, particularly that part of it which imposed a 10 per cent cut in all government salaries and pensions, is extremely unpopular, so much so that it provoked severe rioting in several parts of France some weeks ago. Mr. Laval, in his desperate effort to balance the budget, is pleasing nobody. The right, or fascist-minded elements of the population, are ever threatening to abolish representative

ACROSS 20 CENTURIES
—Herblock in Long Beach Press-Telegram

government, and the left, or coalition of Socialists, Communists, and Radicals (liberals), the so-called Popular Front, are girding themselves to oppose any attempt to overthrow the democracy. With the Laval government proving itself unable to solve French problems, there is some danger of new disturbances.

SOMETHING TO THINK ABOUT

1. What evidences, if any, of better times do you see in your own community?
2. Name some of the ways in which the government is helping to stimulate industry. Do you think the government is hindering recovery in any way? What would happen if the government should withdraw its aid to the farmers, its loans to industry, and its relief work among the unemployed?
3. What are some of the unfavorable factors in the business situation? What are some of the reasons for hope that substantial and permanent recovery may soon come?
4. Do you think the neutrality law passed by Congress will help materially to keep us out of war should a war develop in Europe? What do you think of the President's objection to this law?
5. Do you think there is any chance that the American people might become happier, safer, more comfortable, and more secure by participating in another big war? What is meant by saying that we will have to make heavy sacrifices in order to keep out of war? Do you think these sacrifices would be greater than we would have to make if we went into the war?
6. Which of the three students whose conversation is quoted on page 7 most nearly represents your own views?
7. What is meant by the "continuity of history"? How does the study of the War of 1812 help us to understand present problems?
8. Which European nations appear to be getting along the best? How do you account for their recent progress?
9. What is unusual about the way the governor of South Carolina handled the strike?
10. Do you think the United States should break off diplomatic relations with Russia?
11. Is anyone in your community receiving benefits from the National Youth Administration? How would a student in need of help go about it to get it?

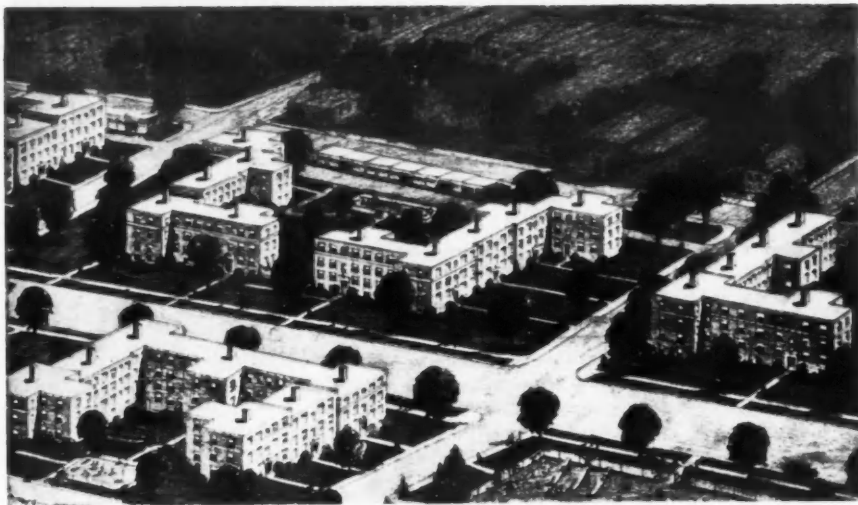
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PRONUNCIATIONS: Addis Ababa (ad'dis ah'-wa-wah), Pierre Laval (pee-air' la-val'), Haile Selassie (hi'-lee se-lo'ssee—i as in ice).



A TOWN IN THE BASQUE REGION OF FRANCE

© Ewing Galloway



—PWA Photo

LOW-COST HOUSING TAKES THE STAGE

The federal government is pushing to completion a number of housing projects in various cities throughout the country. This one is in Atlanta, Georgia.

President Has His Way

During the long session of Congress which came to an end last week, President Roosevelt managed to maintain his position of leadership. In nearly all vital points he had his way. The impressive legislative program put through by Congress is his program. To him belongs the credit or the blame. He suffered a few reverses, but they were relatively unimportant. He failed to secure the Senate's acceptance of the World Court, but he was not greatly interested in the Court. He failed to get the St. Lawrence Waterway plan adopted, and that was a heavier blow to him, but it was not vital. At several other points he seemed to lose for a while, only to gain in the end. For weeks Congress haggled with him over the relief program, but finally gave it to him in the form he wished it. The House refused to adopt the "death sentence" which he wished to impose upon public utility holding companies, and this rebuff to the President was widely advertised. But in the last days of the session the House quietly came back to the fold and gave the President substantially what he wanted.

The President has not ruled this summer as a dictator. The House and Senate have taken their own time. Members of both bodies have criticized the Chief Executive freely. Most of the important questions have been well aired. The President has not talked much; he has not threatened. He has exerted pressure quietly yet strongly, and has put his program through. The New York *Herald-Tribune*, the country's leading Republican newspaper and an unsparing critic of President Roosevelt, has this to say of his victory in the holding company case:

It is difficult not to entertain a certain admiration for the President for the determination and the political resourcefulness with which he has carried out his anti-holding company campaign and crowned it with this spectacular last-minute success. It is even more difficult, however, to refrain from wishing that he had devoted his courage and his sagacity to some more laudable and less destructive cause.

A Busy Week

While Congress was in session the President did not have much time to give attention to the national political situation. He was busy, especially during the last days of the Congress, with the task of getting his legislative program put into effect. He did, however, deliver a radio address on August 24, the occasion being a convention of the young Democrats, in Milwaukee. It was generally expected that he would talk politics, but he avoided specific political issues. He did, however, outline the main points of his political creed. He declared that the day had passed when individuals, unaided by the government, could provide security for themselves. He thinks that conditions have become very complex in our modern civilization and that the state, or government, must frequently step in to see that the conditions of industry are fair and that all have equal opportunity. This is a general reply to those who argue that the government, through its regulation of industry, is interfering with individual liberty.

The President was busy for several days after the adjournment of Congress studying and signing bills which had been passed during

the last days of the session. After he has cleared up this work, it is his plan to take a trip through the West. He will go to the Pacific Coast and will visit the San Diego exposition. He will make a number of speeches, several of them in the Middle West. Probably the chief purpose of this trip is to give the people of the country a chance to see him. Reports have been widespread throughout the nation to the effect that he is in failing health. It has even been whispered about that his mind is unbalanced. Those who have seen Mr. Roosevelt frequently in Washington know that he is in rugged health and that in spite of all the work and strain of his office, he is well-poised, unexcited, calm, and in good spirits.

Administrative Work

Now that Congress has enacted an impressive body of legislation and has adjourned, the chief activity in the national capital is administrative rather than legislative. The big question now is as to how the laws which Congress has made will be carried into effect. Much depends upon the efficiency of this administrative work. For example, the relations between workers and employers throughout the country will be greatly affected by the work of the Labor Disputes Board. The success of the social security plan, the whole future of the plan, in fact, will depend largely upon the way the complicated machinery made necessary by the new law is administered.

At the head of the board which will supervise the social security program, the President has placed John G. Winant, Republican, former governor of New Hampshire. Mr. Winant, though he is but 46 years old, has had a great deal of political experience. After his return from the war where he was a captain in the air corps, he was elected to the New Hampshire state legislature, and served terms in both houses. He has served three terms as governor of that state. He is at present acting as assistant director of the International Labor Office in Geneva, Switzerland. For years he has studied the problem of social security, both in this country and in Europe. He is a thoroughgoing progressive, a man of broad sympathies and an enthusiastic advocate of the social insurance plan which he is to administer.

A Sorry Ending

The filibuster conducted by Senator Huey Long of Louisiana during the last hours before the adjournment of Congress prevented the enactment of a very important measure, the \$100,000,000 third deficiency bill. This bill provided money for putting into effect several of the laws which have been passed by Congress, and supplied \$76,000,000 to be used for old-age pensions under the social security act. It also furnished money for the Guffey coal bill, for the bill regulating buses and trucks and for putting the Labor Dis-

putes Board into operation. The bill providing money for these necessary services was to be voted on during the last days of the session. But Senator Long got the floor and talked for more than five hours—until midnight, when, according to previous arrangement Congress was to adjourn. The senator from Louisiana was not opposed to this appropriation bill, but by threatening to defeat it, he hoped to force the Senate to adopt a measure which he advocated, namely an amendment to the cotton loan bill. So he refused to give up the floor, and Congress adjourned, leaving an important part of its work unfinished. The security program, and others dependent on the deficiency bill, will be delayed until 1936.

For this troublesome act Senator Long alone should not be blamed. The blame rests as well upon the shoulders of the other senators. In every legislative body obstructionists are to be found—men who, in order to have their own way, will hold up action by the majority. There is no reason why a legislative body such as the Senate should adopt rules which permit one man to defeat the will of all the rest. Nothing but blind and slavish devotion to tradition permits the continuation of rules which render majorities helpless.

Senator Robinson, majority leader and hence very influential, says that the rules will be changed next year so as to prevent one-man filibusters.

The Housing Program

The government is not getting its work-relief program under way as rapidly as had been hoped. The work of taking unemployed off relief rolls and putting them on payrolls is going very slowly. It seems hardly probable that 3,500,000 men can be put to work by the government by November 1, as had been intended. The task of supplying jobs quickly to millions of men is, of course, very difficult. The projects have to be selected and passed upon. They must be the right kind of projects—projects which, without the outlay of too much money, will place large numbers of men at work. Differences of opinion arise in the large and complex force of officials necessary to administer the spending of four billion dollars. Delays result, many of them unavoidable.

During the last few weeks the idea has developed among those who have charge of this work that more attention should be given to housing. As a consequence of this decision, plans are going forward rapidly. The government will speed up its work of building apartments which can be rented at a low price. Loans will be given to private companies which agree to put up the same kind of buildings.

What Are Taxes?

One hears so many foolish and ill-considered protests against the raising of money by taxation; one hears so many assumptions that increases of taxes are always unnecessary, that it is refreshing to read these sensible comments by so well-known and highly respected an economist as John T. Flynn:

The man who pays taxes gets more for his tax dollar than for any other he pays. It is paid for services. If you were to get a bill for city services every month, instead of a tax bill once a year, you would understand this. You would get a bill for about 15 cents a month for collecting your garbage; \$1.45 for police protection; \$1.40 for fire protection; \$2 for education, and so on. As it is, you pay what you are pleased to call taxes, and may be led to think the money goes utterly to waste.

The same thing is true of federal taxes. Federal courts, crime prevention, protection of agriculture, policing our shores, managing our vast reserves, enforcing pure food

laws, meat inspection, public health services, the defensive functions of the nation, building roads—all these cost immense sums.

While now vast amounts are spent on recovery and while the method and even the amount may be criticized, these monies are used to save from starvation 20,000,000 people. Waste, to be sure, can be found. But it is not true that the money paid by taxpayers all filters into the hands of large worthless political hacks, who do nothing for the money.

Handling Strikes

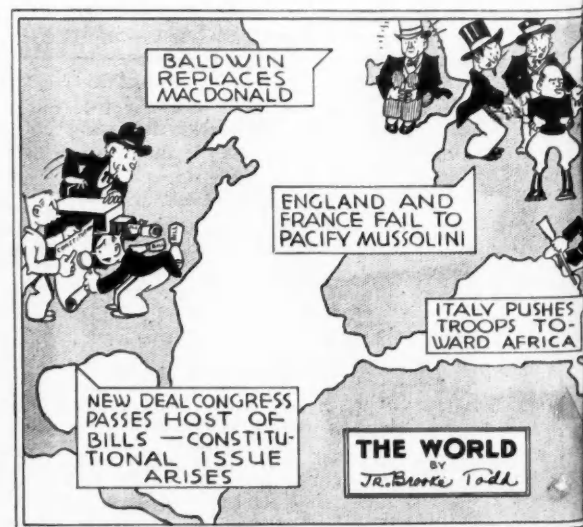
A very important item of news last week completely escaped most of the newspapers. It related to a strike in South Carolina. The strike occurred in a plant known as the Pelzer Mills. The owners of the mills called upon the governor to send the militia over to protect the mill property. The governor heeded the call and sent the militia. Thus far the incident is not really news. The same thing has happened in hundreds of cases of labor disputes every year. But as soon as the mili-



SOUNDS AS IF HE'S BEEN EATING IT RAW
—Herblock in Winfield Daily Courier

tia reached the scene of the disturbance, it adopted a very unusual procedure. Ordinarily the militia is used to protect strikebreakers. The owners bring in men to take the place of the workers, and the militia keeps the men formerly in the plant from attacking those who have been brought in to take their places. The militia, therefore, helps the owners to break the strike.

In the South Carolina case the militia had different orders. Governor Johnson told them to protect the property of the mine owners. He also told them to turn away from the gates of the mill all persons who were not employed previous to the time of the strike. In other words, the militia in this case was impartial. It protected the property of the mill owners against those who might do violence to it. At the same time the militia protected the jobs of the workers against those who might be brought in to take the jobs away from them.



SOME HIGHLIGHTS OF THE SUMMER MONTHS

The United States

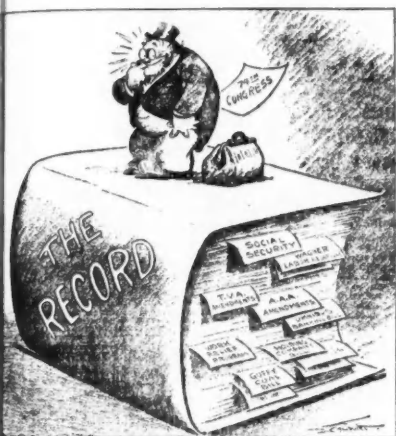
Doing, Saying, and Thinking

the theory behind this action is that the employer has a right to his property and that the worker has a right to his job. If employer and employee cannot agree as to the terms upon which the work shall be done, the state will protect the vital interests of both parties while negotiations for a settlement are under way.

It is interesting to note that shortly after this plan was put into effect, peace was made between the employers and the men, and violence, such as marks so many strikes, was avoided.

Radicals Have Rights

There have been a number of instances lately of mob violence directed against communists and other radicals. The tendency to meet radicalism with lawless force has been particularly marked in California and Alabama. This method of dealing with trouble-



BABY—TAKE A BOW!

—Tallent in Washington News

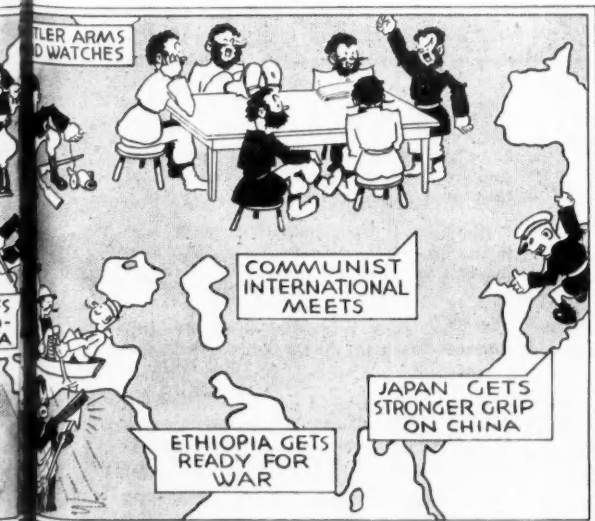
some political minorities has called forth a number of editorial protests. Among the more forceful of these is the following from the *Emporia Gazette*:

In California a couple of radicals were taken out and tarred and feathered by a group of so-called vigilantes. These agitators were called, but not proved to be, communists. Probably they were disturbing the status quo in their neighborhood. The Communist is a pestiferous bug who would be poisonous if he could.

But under the Constitution and the Bill of Rights, American citizens are entitled to a trial by jury for any infraction of the law. If these communists broke any laws, surely a jury would convict them. If they did not break any laws, they have a right to think and speak as they please even to advocate force, if advocating force does not violate a statute.

Here indeed is a real challenge to liberty.

Here is a place where the Liberty League, headed by Al Smith, Raskob, Jim Wadsworth, and the big boys should reach down and protect



—Drawn for The American Observer

BY THE AMERICAN OBSERVER CARTOONIST

the liberties of these poor, misguided, intellectually misbegotten hordes who after all are American citizens whose rights have been ravaged by a mob.

Wealth And Taxes

Robert H. Jackson, an official of the Internal Revenue Bureau of Washington, recently gave some interesting figures about our wealth and taxes before the Senate Finance Committee. The bulk of Mr. Jackson's report is published in the August 28 issue of *The New Republic*. Basing his conclusions on the tax returns which the Internal Revenue Bureau handles, Mr. Jackson finds that the burden of taxes is constantly bearing more heavily upon those least able to support it. In 1930, for example, the well-to-do, those with incomes above the needs for a relatively comfortable standard of living, contributed 68.2 per cent of the total revenue of the federal government. That year they paid into the treasury \$2,475,000,000. Taxes upon those with annual incomes of the subsistence level or below paid only \$1,152,000,000, or 31.8 per cent of the total. By 1933, this ratio had undergone important changes. The people who were taxed on their ability to pay contributed only 41.7 per cent of the total revenue, while taxes on consumers were responsible for 58.3 per cent. The following year the trend continued in the direction of shifting the burden from ability to pay to consumers, the percentage contributed by the latter group mounting another three per cent.

Mr. Jackson points out further that if the per capita income of the United States, especially during the years of prosperity, is used as a basis of our material progress, the figures are impressive, for when the total income of the nation is averaged, the United States ranks among the highest in the world. But when we look at the way this income was distributed, the picture is not so bright. When the income tax returns went in this year, it was found that only 1,747,740 persons, out of a population of 125,000,000, filed returns. The others, comprising an overwhelming majority of the population, failed to show incomes above a mere subsistence level.

City Versus Country

One of the cartoons which is reproduced on this page makes humorous reference to a problem which is becoming rather serious. The natural grumbling over the rising cost of food, particularly of pork, seems likely to develop into a first-rate political issue. There is in process of formation a cleavage between the agricultural interests and the industrial sections of the country. The farmers naturally want high prices for their products. They are now obtaining prices considerably higher than they have received for a number of years, largely through the operation of the Agricultural Adjustment Administration. But the higher farm prices inevitably result in heavier burdens upon the consumer. This burden falls most heavily upon the workers in the cities. They object to the governmental policies by which the farmers have been helped at their expense. The farmers have often complained that businessmen and workers were assisted at the expense of agriculture. They have said that tariffs have this effect. Now the shoe is on the other foot, and it seems likely that serious protest will come from the eastern industrial sections against the AAA.

An indication of the battle which is now brewing is to be seen in the recent congressional election held in the state of Rhode Island. The voters of that state defeated the Democratic can-



© Wide World

INDUSTRIAL UNREST DIMINISHES

The governor of South Carolina has tried a new plan to check labor violence.

didate and sent to the House of Representatives his Republican opponent. The principal issue in the campaign was the government's agricultural program. Rhode Islanders felt that they had been injured by the processing tax which has been placed on raw cotton, since it has forced their textile mills to pay a higher price for their raw material. Many of the mills are now closed. The voters who expressed their opposition to the New Deal in the congressional election felt, rightly or wrongly, that many of their ills are due to the policies of the AAA. The issue proved extremely popular in that state, and it is certain to be raised in other of the industrial states as election time approaches.

Relations With Russia

Relations between the United States and Russia have become seriously strained. Our State Department sent a note to the Soviet government August 25. This note, presented to the Moscow authorities by our ambassador, William C. Bullitt, declared that the Soviet government had violated a pledge which it gave to the United States as a condition upon which the United States recognized Russia. At that time the Russians promised that they would not participate in any effort to overthrow the United States government. They even promised that they would not permit on Russian soil any plotting against America. This unusual assurance was considered necessary because the Russian government is, of course, communistic, and Communists all over the world are committed to the plan of introducing Communism everywhere. It has been found very hard in practice for this Communist government to get along well with the capitalist governments of other nations. The French and the British have had a number of unpleasant experiences. First they recognize Russia; then they break off relations, and then they come back again to the reestablishment of diplomatic relations.

The specific charge made by our State Department is this: The Third International, which is an organization of Communists from all nations, met recently in Moscow. A number of American Communists were present. Many addresses were made, and some of them referred to America. The American Communists reported their activities, told of the successful efforts they were making in the United States to promote strikes and to spread Communism. Our State Department declared that the Russian government should not have permitted this to take place. The Russians replied tartly that they are not responsible for what this Communist convention did; that they have nothing to do with the Third International.

This same argument has taken place many times before in the history of Soviet Russia's relation with foreign countries. The Soviet government has never admitted that it had any control over the Comintern, or Communist International, and other countries have

never been willing to believe that such control was lacking, inasmuch as some of the Russian leaders are members both of the Soviet government and the Comintern. This system of interlocking directorates implies, to the non-Russian mind, that the Soviet government is responsible for the activities of the Comintern.

As we go to press, the consequences of this exchange of notes are uncertain. It cannot yet be determined whether there will be a break of diplomatic relations. Many issues, some of them obscure and complicated, are involved in the controversy. We shall explain them in *THE AMERICAN OBSERVER* as soon as the facts are clear.

Another Wet State

Texas has voted by a substantial majority to legalize the sale of intoxicating liquor. This action on the part of the Lone Star state puts 41 of the states in the wet or semi-wet column and leaves only seven—North Dakota, Kansas, Oklahoma, Tennessee, Alabama, Georgia, and Mississippi, in the ranks of absolute prohibition. Before the eighteenth amendment was adopted, all but 15 of the states had enacted state prohibition laws. The fact that the 15 has now risen to 41 indicates that the sentiment which upset the eighteenth amendment was more than merely a disbelief in national prohibition. For some time the tide has been running strongly against prohibition of any kind. Prohibitionists look for another swing of the pendulum which will bring many states back to the dry column, but the pendulum has not yet begun to swing.

Youth Gets a Chance

The National Youth Administration, which was established by Congress earlier in the summer, is now getting down to action. This agency has \$50,000,000 at its disposal to spend on several hundred thousand young people, between the ages of 16 and 25, whose opportunities are being frustrated by the depression. Several kinds of help will be extended. Part-time jobs will be given to needy college students; cash aid to high school students whose families cannot afford to send them to school; vocational training to equip needy young people for specific jobs. Finally, every effort will be made to find employment for those who have finished their preliminary training.

Aubrey Williams, assistant federal relief administrator, is in charge of this national youth program. He has set up special bureaus in all the states to carry out the actual work. In describing the urgent need of having the government assist American youth, Mr. Williams recently said:

An adult who has been working and earning the living for his family can, after a period of unemployment, pick up where he left off if it hasn't been too long. But a young man or woman who has reached the age of employment full of aspirations, energy and ability, only to be slapped in the face with the cold statement "No help wanted," is a more serious matter.

Any student in need of help in order to stay in school should consult his high school principal who may then communicate with the Youth Administration of the state.



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WILLIAM BULLITT

Among the New Books

Willa Cather

"Lucy Gayheart," by Willa Cather.
(New York: Alfred A. Knopf. \$2.)

WILLA CATHER'S reputation as a novelist has become so firmly established that the publication of a new novel by her becomes an important literary event. Within a few weeks after its release by the publishers, the sales of her latest work have run into the hundreds of thousands, without mentioning the countless numbers who had previously read "Lucy Gayheart" when it ran serially in one of the country's leading magazines. And there is little wonder about Miss Cather's popularity, for she is, indeed, one of our best writers, recognized as such both in the United States and abroad.

In her latest work, Miss Cather returns to the scene of her earlier and best works, the great West. "Lucy Gayheart" is the simple story of a young girl from Haverford, Nebraska, who goes to Chicago to seek a musical career. As accompanist for Clement Sebastian, the popular concert singer, she finds romance for a while, but her happiness is short-lived, for her lover is drowned during a vacation in Italy. Lucy returns to the Nebraska Platte country to meet tragedy. This story of elemental emotions is handled superbly.



WILLA CATHER
—Photo by N. Murray

History Made Interesting

"The Story of Civilization: 1. Our Oriental Heritage," by Will Durant.
(New York: Simon and Schuster. \$5.)

WILL DURANT'S gifts are well adapted to the difficult, and valuable, task of standing between the layman and the professional scholar. Too often the results of the painstaking research of the universities are veiled from the public by the scholar's unwillingness to describe them in simple terms, or perhaps by his inability to do so. Once before, Dr. Durant entered this border no man's land to write "The Story of Philosophy," in which the main lines of the great philosophical systems were presented in language that could be understood by the untrained reader.

Now he has undertaken to tell the story of civilization in the same way. The first volume of his work, which when completed will run to five volumes, covers the Far East from the earliest recorded beginnings to the Japanese conquest of Manchoukuo, and the Near East down to the time of Alexander the Great. The early seeds from

which our language, our architecture, our medicine, our methods of life and of warfare sprang are vividly presented and put into their historical order. Dr. Durant's writing is concise, often eloquent, but never sensational, and the illustrations that he has chosen to bring out the meaning of the text are admirable.

That Next War

"War Tomorrow—Will We Keep Out?"
(New York: Foreign Policy Association. 35 cents.)

THIS is the first of a series of six booklets on contemporary problems to be put out during the coming year. They are designed particularly for group discussion, both by classes in the schools and independent organizations. To make the work more interesting and impressive, the text in each case is accompanied by "pictograms," which illustrate graphically the subject under discussion. The titles under which the five remaining books will appear are: "Dictatorship," telling of fascism in Europe and the dangers of its rise in America; "Made in U.S.A.," a discussion of the effects of attempting to make ourselves economically self-sufficient; "Peace in Party Platform," a discussion of how the political parties deal with foreign policy in their platforms; "Clash in the Pacific," an outline of the basic interests of Russia, Japan, China, and the United States in the Far East; and "Flags and Drums," the significance of the new wave of nationalism and expanded armament programs.

Understanding Europe

"An Atlas of European History," by J. F. Horrabin. (New York: Alfred A. Knopf. \$1.50.)

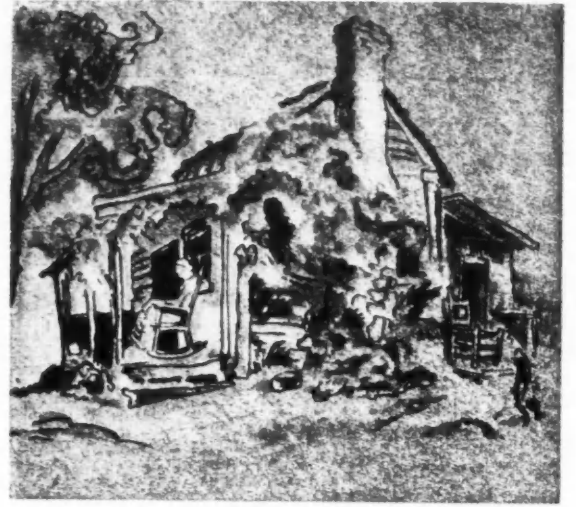
THIS little book is a companion volume to Mr. Horrabin's "An Atlas of Current Affairs" which was published last year. Its purpose is to give the background of present-day European controversies by means of simple and clearly drawn maps, each of which is faced with a text explaining the details of the map. Starting with the Roman Empire, Mr. Horrabin traces the principal boundary changes in Europe down to the present day. Since so many of the events now taking place in Europe are directly affected by the geographical factors of the past, an understanding of the historical background is essential to a full appreciation of the present conflicts of interest.

Tennessee Mountains

"School House in the Foothills," by Ella Enslow. (New York: Simon and Schuster. \$2.)

ELLA ENSLOW was a "slender, peace-loving female person only five-feet-four in height and habitually weighing around a hundred and five pounds" who became the teacher of the Shady Cove school in Tennessee. Shady Cove was as backward and tough a place as it is possible to imagine. The poverty and distress of the people were almost beyond imagination. Miss Enslow became not only

teacher, but nurse and social worker as well, administering to the community's wants as best she could and sharing her meager monthly wage with the less fortunate. While interesting as a human document, the social implications of "School House in the Foothills" are incalculable. Shady Cove is but one of hundreds of similar communities in the United States. Miss Enslow has told, more forcefully and dramatically than dozens of volumes on economics could do, the story of maladjustment with which the nation has been confronted for generations. While Miss Enslow's publicizing of the plight of Shady Cove has brought financial assistance to that village, the distress of the others remains unsung and therefore unaided.



AN ILLUSTRATION BY THOMAS BENTON IN "SCHOOLHOUSE IN THE FOOTHILLS."

U. S. Acts to Avoid Entanglement in War

(Continued from page 2)

passing. But if the issue were really raised as to whether we should make sacrifices in order to keep out of war, the shouts of the warmakers would be so loud that the voice of the reasonable man could scarcely be heard.

There is strong argument, therefore, to the effect that the resolution which was recently put through Congress is not effective enough to prevent war. It is said that it does not go far enough. There is also objection to the resolution on the ground that it goes too far. President Roosevelt and the American State Department voiced this objection. They did not want the resolution to be passed, and they secured a provision limiting it to half a year. They are able to make out a strong case against the neutrality act passed by Congress. This is what they say, in effect:

Congress should not enact a resolution which decrees in advance what our neutrality position should be. That should be left to the President. He should be free to act in every case that comes up, his action depending upon the particular situation. Suppose, for example, that Great Britain should go to war with Japan over Japanese aggression in China. The British want to buy munitions from us in order to carry on the war more effectively. They want to buy other goods from us. The outcome of the war may depend upon whether we supply the British with munitions. Should we shut the door to the British and refuse to make the sale to them? That is what we will be obliged to do so long as the recent act adopted by Congress is in effect. Yet we would have an interest in that war. We would want the British to win, for they would be fighting our battles. We, too, dislike Japanese aggression. If the British were defeated we might later find ourselves at war with Japan, and in that case we would have no help. Or, let us suppose another case. We have signed the Kellogg Pact with nearly all the nations. By this pact the nations promise not to make an aggressive war against other peoples. Suppose a nation violates the pact and attacks a weak victim. The victim needs war supplies. Should we refuse to sell these supplies? Such a situation is already developing. Italy is attacking Ethiopia. Italy has munitions; Ethiopia does not. The Ethiopians would be greatly helped if the United States would sell them munitions. The resolution just passed by Congress forbids Americans to make such sales.

Trade as a Weapon

The President and the State Department think that the President should have power to decide in the case of each war whether or not we should place an embargo on the sale of munitions. They think the President should have the power to permit the

(Concluded on page 7, column 4)

THOUGHTS AND SMILES

Two New Orleans motorists struck the same telephone pole within an hour. There may have been no negligence on the pole's part, but it looks funny.
—Detroit News

Any man with a good voice, an inexhaustible vocabulary, and a microphone is likely to end up as a third party.
—Toledo Blade

When any man ventures to scoff at the use of brains in government he should be asked to explain by what part of the anatomy he believes human affairs should be conducted.
—Donald Richberg

Our idea was that Japan had the copyright on such "precautionary expeditions" as that Italy is now undertaking.
—Arkansas Gazette

Since life is the greatest possession of man, the great problems of mankind will always be medical problems.
—Dr. Morris Fishbein



"JUNIOR GOT HIS OLD JOB BACK AFTER THE NKA WENT OUT."
—From Judge

The man who says the art of conversation is dead never stood outside a phone booth waiting for someone to finish talking.
—Springfield Union

If the next war is to be fought by radio, imagine listening to a shell-by-shell description.
—Birmingham News

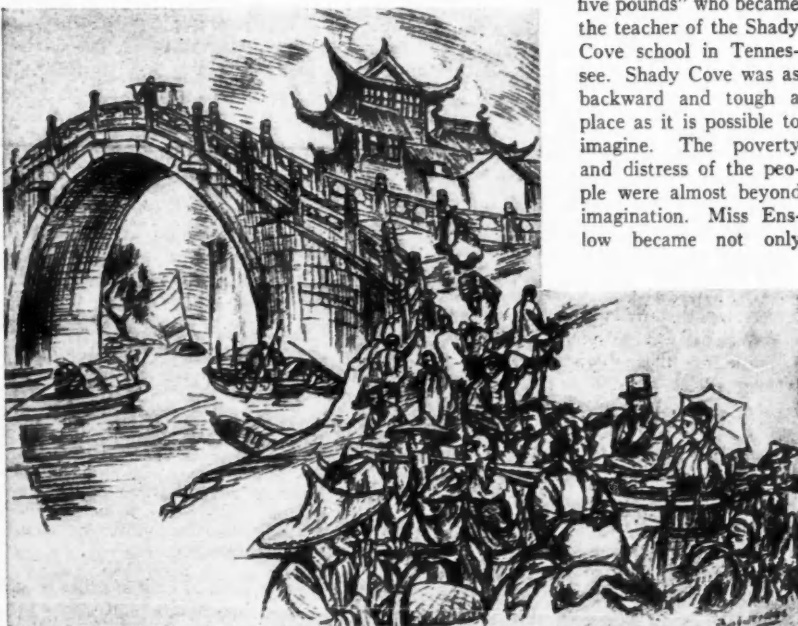
The material things of life have always been the most appealing to us. It has been our theory that wealth covered a multitude of sins, including the sins of ignorance.
—Harold L. Ickes

Rip van Winkle couldn't have slept 20 years in this generation. Somebody would be waking him up every 30 minutes or so to pay taxes.
—Jackson (Miss.) Daily News

Perfect calm reigns in Germany. Not a street has been destroyed, not a house.
—Adolf Hitler

About the only thing left for the Supreme Court to do to make the Republicans happy is to declare the Democratic party unconstitutional.
—Life

As we understand the sedition law, there is no room in this country for aliens who think our country is as rotten as the Republican orators say it is.
—Norfolk Virginian-Pilot



FROM THE ORIENT COMES MUCH OF OUR HERITAGE
An illustration by C. Leroy Baldrige in "The Puritan Strain," by Faith Baldwin (Farrar & Rinehart. \$2.)

THESE three imaginary students will meet each week on this page to talk things over. The same characters will continue from week to week. We believe that readers of THE AMERICAN OBSERVER will find it interesting to follow these discussions week by week and thus to become acquainted with the three characters. Needless to say, the views expressed on this page are not to be taken as the opinions of the editors of THE AMERICAN OBSERVER.

Mary: Did you boys hear President Roosevelt's speech on the radio Saturday night, or if not, have you read it in the papers? It seems to me that this was a particularly fine address, one which should stir the enthusiasm of all public-spirited young men and women.

John: Yes, I read the speech, Mary, but I can't say it stirred my enthusiasm so very much. Just what was it that appealed to you so much about the address?

Mary: I liked everything that he said. I liked his admission that conditions in the past have not been satisfactory, that many people have lacked opportunity, that many have lived in unnecessary discomfort, and that we must learn to control our common life better in the future than we have done in the past. I liked his assertion that individuals, acting alone, cannot always provide security for themselves, but that government action is necessary to regulate the relations between great corporations and their thousands of employees, and that government must enter in a good many places to work with and for individual citizens. And then I especially liked this closing paragraph which constitutes such a good platform for youth. Here is what the President said:

Let us carry on the good that the past gave us. The best of that good is the spirit of America. And the spirit of America is the spirit of inquiry, of readjustment, of improvement; above all, a spirit in which youth can find the fulfillment of its ideals. It is for the new generation to participate in the decisions and to give strength and spirit and continuity to our government and to our national life.

Charles: Yes, Mary, that is a good statement and I think the President made an excellent speech, but I am not wholly satisfied with it. It was so general, and I should say, so complacent. He says he isn't complacent. He says we must do better in the future than we have done in the past, and yet he seems to take great satisfaction in the legislation he has had enacted. His remarks seem to imply that the government has already solved the problems of employers and employees by giving the workers permission to bargain collectively. He also seems complacent about the social security legislation and the bank and stock exchange regulation. As a matter of fact, all that the government has done in the direction of social justice is but a drop in the bucket. Workers are still denied the right to organize in many industries, and the government does nothing about it. The old evil conditions that the President talks about have scarcely been touched. I would have liked the President's speech better if there had been a ringing declaration in favor of further reforms. I would have liked it better if he had shown exactly how people who have lacked opportunity in the past would have it in the future.

Mary: It seems to me, Charles, that you are decidedly impractical. Use your common sense a little bit. Don't you know that the President is not a dictator? He can't adopt sweeping changes just on his own whim. He can't do anything that the millions of American people do not like. And millions of people move slowly. All that any president can do is to get reform movements started. It seems to me that the President has done something through his labor and social security laws and through his laws controlling corporations. If he tried to do much more than he has done he would become so unpopular that he could accomplish nothing. It is all right for one to be an idealist, as you apparently are, but one doesn't need to be a fanatic.

John: In my opinion, President Roosevelt has done entirely too much already in the direction of what you two call "reform." I agree with you, Charles, that he



TALKING THINGS OVER

The President's latest address. Is he too conservative, too radical, or is he on safe middle ground? Should he take a more definite stand on the Constitution?

hasn't changed conditions very much, but I don't agree with you that the President should try to make greater changes. I think he has regulated business too much with his labor laws and his regulations of stock exchanges and his social security legislation, which will place heavy taxes upon industry. This constant meddling with business, this never-ending series of restraints and burdens put upon businessmen, will keep us from getting back to prosperity.

Charles: Do you mean the prosperity of President Hoover's administration? I am not so sure that I would like that kind. In

to the farmers were withdrawn, they would be flat on their backs again as they were before. I don't believe we can possibly get out of the depression except under the guidance of the government. But I don't agree with Charles when he says that we should adopt a more radical course than the President has adopted.

John: Well, I certainly wouldn't want the administration to become much more radical, especially in its attitude toward the Constitution. By the way, there is one thing that I don't like about the President's recent speech. He didn't tell what he is going



MA, HERE'S THAT MAN AGAIN!

—Talbot in Washington News

the days of Harding, Coolidge, and the early part of the Hoover administration, business wasn't being interfered with very much, and yet the crash came. In my opinion it came because industry was not properly regulated. We had not created a stable society, and crashes will come again unless we take radical and drastic action to establish fair, just, and stable industrial conditions.

John: Well, I'll confess that I haven't any formula or "cure-all" which will keep us from having depressions such as we have always had in the past, and I doubt whether your plans would work if put into effect. I'd like to get back to the prosperity of the Hoover-Coolidge days. I'd take my chances on future depressions rather than to be kept in permanent depression by an administration which is hostile to business.

Mary: You're assuming, of course, John, that if the government quit regulating business and left everything to what you call "private initiative" we would get back to the prosperity of the 1920's. I think that is very doubtful. You may remember that unemployment was growing even during the twenties and the farmers were in a desperate situation then. If the government should quit furnishing work to the unemployed, such as the Roosevelt administration is furnishing, we would be in a desperate situation. And if the help being given

to do with the Constitution. Why didn't he answer the challenge which had been hurled at him so effectively by former President Hoover? Mr. Hoover said that the people have a right to know just what changes in the Constitution the President intends to make. They shouldn't be kept in the dark, because the issue is too vital. Why didn't the President answer Mr. Hoover and explain the changes he thinks should be made so that the people could be thinking about the issue.

Mary: But how can the President or anyone else say at this time what changes should be made in the Constitution? An amendment may seem necessary to the President after a while—an amendment which would give more power to Congress. But no one knows yet how much power Congress has. The Supreme Court has said that it doesn't have power to adopt the NRA. But does it have the power to establish the TVA and to pass the Agricultural Adjustment Act and the Wagner bill, and does it have power to regulate the coal industry as it does under the Guffey bill? The Supreme Court will probably act on all these laws within a year. Then we will know just what powers Congress has under the Constitution. We will know what changes, if any, should be made. But it would be foolish for the President or any-

one else to define exactly the amendment which should be adopted to enlarge the powers of Congress before the Supreme Court has let us know what the present powers are and hence what changes should be made.

John: Then why did the President raise the issue at all, if he wasn't ready to go on with it?

Mary: The President merely said that the Supreme Court had interpreted the Constitution in a narrow way in the NRA case; that it appeared to have taken from Congress the power to deal with truly national questions; that certain statements in the NRA decision indicated that the Court might go even further with its limitations in later decisions. He said that sometime the American people would have to take up the question as to whether Congress should be given more power under the Constitution. He said that the decision shouldn't necessarily be made this year or next, but that sometime within five years or so the people would have to face it.

Charles: I think they might as well face it now. We all know without waiting any longer that the Supreme Court has interpreted the Constitution so as to prevent either the national government or the state governments from regulating industry and wages and working conditions effectively. Have you read the article by George Soule in the September *Harpers* telling how inadequate the powers of our national and state governments are?

John: Well, I'd like to see the issue raised and settled now, but for another reason. With all the changes that are being made, I would like to see one institution kept intact. That is the Constitution. I don't think that we need to make over our government, but I think the people have a right to decide the issue for themselves.

U. S. Acts to Avoid Entanglement in War

(Concluded from page 6, column 3)

sale of munitions if, by doing so, he could help a weak nation with a just cause against an aggressor. Our trade, in other words, should be used as a weapon with which we could help to enforce the Kellogg Pact. At least the President should have the authority to use it as such a weapon. The resolution just passed by Congress, on the other hand, forces the United States to be strictly neutral in all conflicts. It forces us to avoid selling munitions to either nation at war, even though such a policy might work to the disadvantage of the weaker nation.

Persuasive as these arguments are, those who favor the position which Congress has taken have an answer to them. They say that if we really have an interest in a war, we should go in openly. If Japan and Great Britain are at war and if we want the British to win; if it is sufficiently to our interest that they win, let us declare war on Japan. But let us not, while pretending to be at peace, make our rules concerning the sale of munitions in such a way as to help the British. If we want to fight, let us go into the war openly; let us not go in by the back door without letting the people know that they are getting in or why they are getting in.

The issue as to how we may keep out of war is one of the big questions of the day. Before long it may throw all the other issues into the background. The American people are more likely to deal wisely with this question if they quit talking about "rights" and think more of consequences. When there is a threat of war the thing for them to decide is whether, in the long run, more lives would be saved if we went into the war or if we stayed out; whether more people would be comfortable and secure if we went in or stayed out; whether our economic life and our business conditions would, in the long run, be more stable if we went in or stayed out. If the people should decide that they would be better off without war, then our problem is to canvas the situation very carefully and determine what policies relative to trading with nations at war would most likely keep us from becoming embroiled.

Evidences of Recovery Noted in Recent Upturn of Business

(Concluded from page 1, column 1)

dwindled almost to the vanishing point during the depression, and they show no tendency toward recovery.

How Depressions End

When all these facts and figures are put together, what can we make of them? Do they or do they not indicate substantial recovery? Perhaps we can answer that question better by reflecting a little on the way depressions have ordinarily come to an end. We can then examine the present facts in the light of experience and determine whether we seem to be traveling paths which in other years have led to better times. Usually depressions have run a course something like this: Many people are out of jobs; purchasing power declines; people do not have money enough to buy the goods which have been produced; there are surpluses on hand; factories are obliged to close. This throws still more people out of employment and the slide downward is continued.

After production has been at a low ebb for a long time, the surplus supplies on hand are gradually used up. The shelves in the stores are almost empty. Factories are obliged to produce a little more in order to meet even the weakened demand which still exists. Then in the case of each of the depressions a push upward has come from some direction. Some class of the population has, in one way or another, gotten hold of increased purchasing power. Frequently the fortunate class is the farmers. They have had bigger crops or there have been poor crops abroad, creating a demand for the products of our farms at increased prices. This has given the farmers more money to spend. They start to spend it, but there is little for them to buy because the shelves are empty. So the factories are obliged to get busy again. This gives work for laborers, which in turn puts money into their hands and they begin to buy, creating a still greater demand. And so the country finds itself pushing upward instead of sliding downward. Sometimes the upward push comes not from the farmers, but from conditions abroad which bring

about an increased demand for American manufactured goods. Sometimes it comes from the development of a new industry which gives employment to men who hitherto have not had work. No two of our depressions have ended in exactly the same way, but in all cases there have been empty shelves, or, as the economists say, "low inventories." There has also been an upward push at some particular point or points on account of added purchasing power which some class or classes of the population obtain.

Present Situation

In many respects, the present situation fits into the recovery picture which has just been drawn. There is no question but that inventories are now low. The stores do not have anything like the amount of goods on their shelves that they had before the depression. Supplies in the hands of wholesalers are low. Furthermore, factories and shops have not been buying new tools and machines for a long time, so they are in need of materials. If a factory has lain idle for several years, as thousands of them have, there is necessarily a deterioration of machinery. Thousands of freight cars need either to be repaired or replaced. Home owners have not been buying furniture for years, and the demand for it is potentially great.

It has been clear for some time that the American businessmen have not had large left-over supplies of goods on hand. The time has been ripe for improved business, if only some class of the population should find itself with increased purchasing power in its hands. Now the farmers are stepping in to supply that upward push as they have done so many times in the past. They have more money in their pockets than they have had for a number of years. This is not because of good crops; it is not because of foreign demand for the farmers' goods. The farmers have more money because the prices have been stimulated artificially. The government has helped them to reduce the quantity of their products and this has raised prices. The government has paid them in cash for keeping some of their land out of cultivation. This has given them a greatly expanded purchasing power. They are using their money to buy automobiles and agricultural machinery and clothing and other supplies. Their increased buying has forced retail stores to increase their orders for goods. This, in turn, has enabled the factories to increase their production and to add to the number of their employees.

The farmers are not the only class responsible for the increase in business activity. The relief operations of the government have added to the demand for goods. The government has borrowed money, most of which would not otherwise have been spent. It has used this money to supply either jobs or outright relief to millions of the unemployed. The unemployed are spending the money at the stores. This buying stimulates industry just as do the purchases made by the farmers.

Returning Confidence

Another interesting thing is happening at this time. Many people who were in comfortable circumstances and had a surplus of money above their needs during the depression were cautious about spending it. They did not know what was coming. And so they spent less than they would have otherwise. They lived more simply and they did not invest their money in new business enterprises. They did not buy new implements

or tools or machines. They saved their money so that they might have it in case of such crises as might come. They did not exactly hoard their money. They put it in banks; but the effect was much the same as if they had put it away in tin cans, for the banks were afraid to lend it. Now that confidence is returning people who have surplus money or credit are inclined to turn it loose as the farmers and laborers are doing. They are spending more, and this helps further to push along the forces of recovery.

We can say, then, that forces making for recovery are actually at work. But on closer examination it will be found that some of the foundations for this recovery are rather shaky. If the increased purchasing power of the farmers and the workers had been brought about, for example, by larger foreign demand for goods, we would be on safer ground. But this increased purchasing power appears to be an artificial development. It is based on assistance from the government. If the government should quit helping the farmers; if it should stop giving them money; if it should stop relief operations by which it turns money over to the unemployed, where would we be? What would become of the upward push we have been experiencing? Now it may be that this government assistance will be withdrawn before long. The United States Supreme Court may declare the Agricultural Adjustment Administration unconstitutional. This might throw the farmers back to the point where they were two or three years ago. If the Supreme Court does not overthrow the farm program, the majority of the American people may turn against it. This program, which gives money to the farmers, makes the prices of food in the cities higher, and there is already a strong protest in industrial sections against the government's policy toward the farmers. It is possible that a check may come also to relief which is given to the unemployed. It is conceivable that the government's credit may run low after a while because of the continued borrowings and the consequent mounting of the national debt. If all this governmental stimulation of industry should dry up, would the props be taken out from under the recovery movement? If it should appear that such a thing were coming, the well-to-do people who have money and credit on hand would, of course, begin to withhold their funds again, and another recovery prop would fall.

Foreign Trade

Two other unfavorable factors must be taken into account. One has to do with foreign trade. There is no hope that the old foreign demand for our products will return within a short time. The other factor relates to technological unemployment. It seems likely that, because of the increasing use of labor-saving machinery, we may have a great army of unemployed on our hands even though production should get back to predepression levels. If the American people had to tax themselves to support permanently five to ten million unemployed, the strain upon industry would be very heavy.

The reader who has followed the discussion to this point may now conclude that the picture is a gloomy one; that we are not on the road to recovery and that the stimulation of industry which we are enjoying is a feverish activity rather than a healthy development. Such a conclusion would be partly right and partly wrong. It is a fact that we are not out of the depression. People who speak as if all is rosy and that a crisis has been definitely left behind are quite ill-advised. On the other hand, it is quite possible,



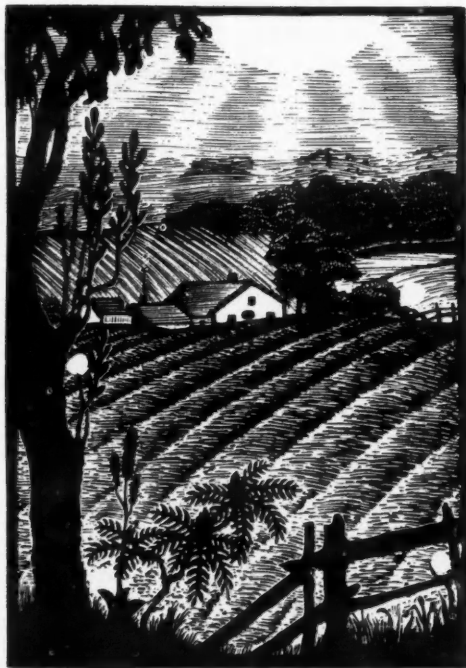
THERE DOESN'T SEEM TO BE MUCH QUESTION ABOUT THE RECOVERY

—Temple in New Orleans Times-Picayune

it is even probable, that we may find our way to higher ground in spite of the serious handicaps which have just been mentioned. Nearly all observers of the business situation are agreed that we will almost certainly have several months at least of business revival. All the stimulations which business is now receiving will be continued at least for a number of weeks. There is no reason, therefore, to think that there will be any industrial backset for quite a while. Meanwhile a number of things may happen to give us a more substantial recovery. Before the present unsteady props are kicked out, it is quite possible that other and more substantial props may develop. One of these props consists of possible new industries.

A number of new industries may well come along in a big way. One such possibility is air-conditioning. It seems to be coming with a rush. Another may be built around the streamlining of trains, automobiles, and other vehicles. And a development of the housing industry may stimulate American business as it did after the brief but severe depression which followed the World War. Many believe that prefabricated houses may revolutionize this industry as the development of the Ford car did automobiles a generation ago.

We may conclude, therefore, that we are in a period of recovery which is likely to continue at least for several months. We may conclude further that, though the present stimulation is built, to a considerable extent, upon insecure foundations, more substantial and enduring recovery may get under way before the end of the present breathing spell. Chances for such a development appear to be very good.



FARMS BEGIN TO PROSPER
Illustration from "As the Earth Turns," by Gladys Hosty Carroll, (Macmillan)



MORE MEN RETURN TO WORK

From a linocut by Harry B. Shaw in "Quest."